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CHECKERS AND CHOICE IN MANPOWER MANAGEMENT

by

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CHECKERS AND CHOICE IN MANPOWER MANAGEMENT

Theodore M. Alfred[1]

> "No one likes to be played checkers with and the man that the organization needs most is precisely the man who is most sensitive on this point. To control one's destiny and not be controlled by it; to know which way the path will fork and to make the turning oneself; to have some index of achievement that no one can dispute--concrete and tangible for all to see, not dependent on the attitudes of others. It is an independence he will never have in full measure but he must forever seek it."[2]

When organizations seek men to fill open jobs they look first within the organization. Likewise, when individuals seek jobs to match their abilities and interests they look first within the organization. The manpower practices and policies which service these objectives for the exempt personnel of the firm are the subject of this article. If those practices permit one " . . . to know which way the path will fork and to make the turning oneself," an environment of choice has been provided. If, to the contrary, the individual has not participated meaningfully in organization career decisions, the "checkers" analogy is more appropriate.

Despite a proliferation of new manpower practices and techniques in recent years, little research has been undertaken to determine the consequences of different practices. This article looks at these consequences based on research into two management staffing systems, one "checkers" the other "choice," and a more casual acquaintance with many others.

The primary objective of a firm's staffing practices is the efficient placement of available manpower--to get the right man in the right job at

at the right time. The degree of placement efficiency achieved is a direct effect of the practices instituted. But these practices have indirect effects not so commonly recognized. These indirect effects reflect the different degrees of dependence the individual experiences in his supervisor and organization relationships under different practices. The indirect effects can be seen in performance review patterns, management development, and in supervisor-subordinate communications. In exploring the direct and indirect effects of staffing practices, the following generalizations will be defended:

(1) Internal manpower practices similar to the characteristics of a free labor market will generate more positive direct as well as indirect effects.

(2) Internal manpower practices similar to those of a free labor market are the only practices which make possible an optimal relationship between the objectives of an organization and its members.

The second of these generalizations introduces the underlying thesis of this article. As stated by Chris Argyris, there is a basic lack of congruence between the needs of healthy individuals and the demands of the formal organization, and " . . . the dilemma between individual needs and organization demands is a basic continual problem posing an eternal challenge to the leader."[3] It will be argued here that individuals and organizations come together most meaningfully in the nature of their employment relationship. Being in that job which maximizes the individual's preferences and

use of his abilities among possible alternatives is a necessary pre-condition to a healthy relationship.

Investigators and commentators have emphasized the desirability of reorganizing work and its administration to achieve congruence between the objectives of individuals and of organizations. The utility of such efforts will always be bounded by technological and economic factors and by the ability of managers to learn the objectives of others and to integrate them creatively into organization requirements. Given such boundaries, the degree of individual-organization compatibility that is possible can be achieved by maximizing the individual's opportunity to move between those jobs for which he has some potential and interest. This mobility of individuals within the firm will be determined by the policies used to match men and jobs. These policies comprise an internal labor market the characteristics of which determine whether the individual is "played checkers with" or is a "free agent" who can manifest his preferences and abilities directly.

This article will discuss, in order, the nature of alternative internal labor markets; the direct and indirect consequences of alternative markets; and the implications and limitations of the analysis.

The research upon which this article is primarily based was conducted among managerial, professional, and technical personnel in two industrial organizations. While these categories of personnel are used in this article, there are no logical reasons why the analysis cannot be extended to include all occupational groups within the firm. This is not a systematic report of the research effort. Rather, the intention here is to provide sufficient analysis and data to persuade the reader of the significance of the problem and the utility of the approach.

The Internal Labor Market

Broadly conceived, the formal and informal practices which determine job assignments in an organization include the methods by which jobs are organized and described; the methods and standards for choosing between alternative individuals; and the procedures and authorities through which alternative job-candidates are found and alternative jobs generated. To narrow the problem, assume some particular organization of work (set of job descriptions) and rational standards for choosing among employees. The efficiency of the staffing function will then depend on the effectiveness of the policies and practices instituted for locating job candidates and alternative jobs. The procedures which produce these alternatives for individuals within the organization are defined as constituting an "internal labor market." We do not discuss here the relative significance of internal versus external sources of manpower but assume the primacy of "promotion from within."

An "internal labor market" is structured procedurally by the mechanisms used for the acquisition, transmission, and storage of information concerning alternative individuals (potential job candidates) and that concerning alternative jobs. In addition to these market mechanisms, every firm has a structure of internal authorities relative to jobs and individuals. These authorities are of two kinds: first, the authority to determine the number and source of candidates (or area of search) for a particular job--this is defined here as candidate authority over jobs. Secondly, the authority to determine the jobs for which an individual will receive consideration--this is defined as career authority over individuals. Taken together,

the information system and the authority structure constitute the internal labor market.

Alternative Internal Labor Markets

Internal markets vary among firms from those which are relatively open and individualistic to those which are closed and authoritarian. Indeed, the individual firm may have several forms of internal markets at different levels or for different occupational groups. The consequences of differing authority structures and information processes can best be seen from an analysis of the two extremes of the spectrum of possible practices--the "closed" and "open" internal labor markets.

The Closed Market

> "When I came to the company it was grossly overstaffed. This occurred because each division manager could refuse to permit his men to be considered for jobs elsewhere in the company if he so desired. So, at any time a division had to expand, it could not do so by taking up the slack from another division. It had to hire from the outside. We ended up carrying too many 'essential' men."[4]

In the closed market the career authority and the candidate authority of individual supervisors are maximized. The supervisor has the authority to decide whether or not a subordinate shall be considered for a particular job opening; and he determines the size of the search-area from which candidates for his open jobs will be considered. Even if individuals are free to apply for open jobs, they are prevented from doing so because they do not learn of an open job until after it has been filled. Their supervisors represent them in the internal market as was true in this example:

" . . . during the last year alone I have had three separate requests for him. Two from other plants and a third from a central staff group. All were at increases in salary."

"What did you do?"

"I turned them down. You see, he needs more seasoning on his present job. It'll do him more good in the long run."

A supervisor may wish to be a "benevolent autocrat" and exercise his career authority over subordinates in a manner which will maximize the expression of subordinates' interests and abilities among jobs in the total organization. But, in this effort he may well be frustrated by the objectives of other supervisors who tend to fill jobs from within their own work-group--who exercise their candidate authority in a parochial manner. Such a system of decentralized authorities results in a "balkanized" internal market. That is, the total firm market has been fragmented into a network of supervisor-subordinate authority relationship.

If the decentralized manpower authorities which characterize such organizations are not accompanied by some centralized information about potential job candidates and forthcoming job opportunities, the market compartmentalization is complete.

The Open Market

The characteristics of an open internal market are closely analogous to those which prevail in a community labor market. Every open job is advertised throughout the organization. Anyone in the organization can apply for consideration. There are no organizational impediments to applicants and preference is given to internal manpower by withholding outside advertising until the job has been on the market for several days.

While these are the essential characteristics, the open system investigated had other features which would seem vital to its effective operation. These included the requirement that each candidate for a job receive an interview to tell him why he did not get the job; the development and use of internal and external training opportunities for those who wish to prepare for future open jobs; and the compilation of records to indicate how often openings occurred in particular jobs and into what kinds of career patterns those jobs fitted.

The Direct Consequences of "Closed" and "Open" Markets

The direct consequences of internal markets have been defined as the relative efficiency with which men and jobs are matched; the indirect consequences are the influences on other organizational or individual objectives such as personal growth and supervisor-subordinate communications.

The closed market is severely limited in its capacity to match men and jobs effectively in terms of the objectives both of the individual and of the organization. The alternatives available to the individual who becomes dissatisfied with his job (for a variety of possible reasons) are, in general, to leave the organization; to remain--resentful and disgruntled--on the job; or to attempt to find another job in the organization.[5] The problem with the last alternative is that the employee must be bold enough to tell his supervisor of his dissatisfaction (inability to communicate with his supervisor may have been the basic problem); or he must enter the organization's "black market" and play politics to try to effect a transfer. In this case, his career becomes a function of the number of people he knows and

of his ability to play politics. Even if he has a candid communication relationship with his supervisor and informs him of his desire to move, his chances are slim because his supervisor's role is limited by lack of information.

The supervisor who attempts to find an alternative position for a subordinate within the organization finds himself dealing with an internal network of personalized "employment centers"--that is, with other supervisors who have the authority to determine the range of their search for candidates whom they will consider for open jobs. While the supervisor certainly has somewhat better access to the internal "employment centers" than the subordinate, the process is far from efficient.

The supervisor attempting to fill an open job in his own area of responsibility finds himself looking for candidates in an equally complex maze of authority relationships and in an equally restricted interpersonal communications network. The number of potential candidates he finds for a job will be a function of the number of supervisors he knows and contacts; their knowledge of the abilities and interests of their subordinates; and their willingness to allow these subordinates to be candidates. It is by no means predictable that the contacted supervisors will nominate their best men.

The consequences of a balkanized, closed internal market are that the effectiveness of the placement function reflects the operation of chance, prejudice, and power relationships as was true in these two examples:

> "One man we considered was from the-------division. I remembered him as a good man because I had interviewed him when he first applied to the company for a job."

> " . . . one man had something to offer for the job, but the vice president wanted to keep him as his assistant so he wasn't considered."

Even who plays first on a baseball team can be influenced by chance knowledge of what "jobs" players want to perform. The New York Times recently quoted George M. Weiss, president of the Mets as follows:

> "Last week at Shea Stadium, he said, I remarked that we were trying to make a deal for a hitter and somebody mentioned Stuart. So I turned to Kranepool and said: 'It's feast or famine isn't it?' But Kranepool said, 'I don't mind playing the outfield. I just want to play every day!' If he had known that, Weiss said, he would have made the deal sooner."[6]

In contrast, an <u>open</u> market minimizes the role of chance, prejudice, and power factors by disseminating knowledge of job openings on a systemmatic basis throughout the organization. The open advertising of jobs gives operational substance to the "right" of individuals to apply for jobs (which characterizes most organizations) by informing them of job openings. The open system bypasses the network of authority and the personal relationships characteristic of the closed system. The individual manifests his preferences directly and influences the allocation of his abilities over a time-stream of opportunities. It is deductively certain that his abilities and preferences will be maximized subject to the number of job opportunities that the organization generates over time and the relative abilities of others. Further, the employee-seeking supervisor need not rely solely on the questionable willingness and vision of other supervisors to suggest candidates. Candidates may apply directly:

> "Once in a while you find startling examples of men you wouldn't have dreamed were interested. I just filled an assistant foreman's

> job with such a man from another department. Another case was where a woman bid into a job where women weren't thought to be interested."

Ameliorating Solutions to the Efficiency Problems

Very few corporate internal labor markets are open. However, the effects of most closed corporate markets are modified by a variety of practices which attempt to simulate the information functions of an open-market system.

Personal simulation involves hiring a personnel director with an excellent memory and the ability to maintain effective internal contacts and communication. He then becomes a storehouse of information and is contacted by employee-seeking supervisors and job-seeking applicants.

Mechanical simulation is attempted by collecting and filing information about current personnel (including a generalized judgment of their promotability) on various kinds of forms and by the maintenance of manpower charts to identify prospective job openings.

Electronic simulation (in its more sophisticated forms) involves the recording of individual preferences and personnel data on a computer storage mechanism and feeding job openings data into the computer as problems.[7]

All three types of simulation have the potential to modify the more obvious inefficiencies of a closed system. The degree of improvement will be a function of the potential that the procedures have for accurately recording the preferences and abilities of applicants and weighting the factors in terms of alternative job openings. All three types of simulation

have the inadequacies inherent in any classification system. For example, most information is collected at periodic intervals and changes in individual preferences between time periods are not recognized. Sometimes, important data may not be collected--no computer system, for example, records the particular supervisors for whom an individual job-seeker might prefer to work.

To state this problem more generally, the degree of simulation desirable in an internal market mechanism will reflect the number and measurability of differences between individuals; the cost of recording and processing information; and the capacity to correlate individual differences with output on the job.

Improvement in the information processing function of the internal market only succeeds in making possible the increased consideration of a man's candidacy. Supervisors must seek the information. That is, they should not fill jobs without considering all the possible candidates who might be available. Their "candidate authority" must be modified. In addition, supervisors must allow their subordinates to be interviewed or otherwise actively considered for a job. That is to say, supervisors' "career authority" must be modified.

A firm's technical, managerial and professional employees are often said to be its most valuable resources. If so, the departmentalization of authority over the allocation of these resources, particularly when the performance of department heads is judged on short-term output, seems inherently inefficient. Supervisors naturally tend to hold their best workers because their own record is thereby improved. An open system, in

contrast, tends to force the adoption of firm objectives as opposed to departmental objectives:

> "I just lost two foremen who bid into another department because they were better men than those already there. We are training people for the company in our department, and this is true of other departments."

An emphasis on organizational as contrasted with departmental objectives is an inevitable by-product of the open and company-wide rather than the departmental allocation of manpower.

The Indirect Consequences of Alternative Markets

Improved information processing, as outlined above, can improve the allocation of manpower in an organization. However, unless the "candidate authority" and "career authority" of individual supervisors are also modified, the negative, indirect effects of a closed market will persist. These effects are at work in the areas of the performance review function, of manager development, and of supervisor-subordinate communication generally.

Performance Review

In an open system the practice of occasionally applying for jobs internally provides a natural forum for the review of performance and prospects in terms of specific jobs and abilities. Moreover, the review is self-initiated rather than submitted to.

> "I did bid on another job in-------because I began to feel that I wasn't going much farther here very soon. When I bid I talked to my supervisor and found out he had a future expansion going on here, . . . and that I was well thought of. This is one of

> the things about posting, you find out your shortcomings and your chances by bidding. I encourage my people to bid out because you learn a lot about yourself from other people and where you stand in your own area."

In contrast, the closed market tends to generate doubt and confusion.

> "I respect the company but I wonder why I'm not considered. Everybody has to face this when his abilities are limited but I know I can do these jobs . . . The thing that irks me is the feeling that in the last two years I've been squeezed out."

One of the consequences of closed systems is that the company often spends time and resources in performance review processes designed to do what occurs more naturally and meaningfully in a well functioning open market.

Indeed, I would suggest that as long as an organization's staffing system is closed it is never going to achieve really accurate, constructive, and development-oriented performance review practices. The supervisor-subordinate relationship is too fraught with power to encourage the kind of candid communication required for effective performance review. The power comes in large measure from the supervisor's "career authority" over the subordinate and it takes a great deal of detachment on the part of both parties to abstract from that authority and neutralize it in communication.

Management Development

The open system magnified the individual's incentive to assume the responsibility for his own career development by encouraging him to plan and train for specific opportunities for which he knows he can at least get consideration.

> "The next job I'm interested in is General Supervisor either in my own area or elsewhere. There will be stiff competition and I might not get it. I haven't gone to college but I'm taking courses at-------and here in the company to prepare myself for this kind of job and for the one beyond it."

In contrast, the closed system tends to dull individual initiative by creating delusion and doubt respecting individuals' futures. Development tends to be considered a function and responsibility of the company because, after all, the company is the only source of information on where and how fast the individual may be headed. Development tends also to reflect the manner and mode of the individual supervisor's practices.

> "It's sad to waste time working in a group of men who are able and working hard but who don't progress because they don't push themselves and aren't encouraged to do so by their supervisors."

In an open system, the individual supervisor has lost his institutionalized "career" and "candidate" authority. He cannot individually decide who is going to be given an opportunity to try to make the "King Row" (to continue the analogy to checkers) and which man might be sacrificed in order to let his choice make the grade.

Supervisor-Subordinate Relations

> " . . . The basic problem is the reduction in the degree of dependency, submissiveness and so on, experienced by the employee in his work situation."[8]

The closed internal market tends to maximize the dependency of the subordinate. The supervisor not only has authority over the work of the individual and his remuneration, but over his organizational career as well.

Even where this career authority is not explicitly recognized, it exists unavoidably because the supervisor is backed into such an authority position by the inefficient information processes of the compartmentalized market.

In the open internal market the authority position of the supervisor with respect to jobs throughout the organization is neutralized. In addition his authority position within his own organizational area is counterbalanced to some degree by the opportunities that the subordinate has to bid out from under his jurisdiction.

The effect of an open internal market is to place the supervisor in a continuous bargaining relationship (largely implicit) with his own and potential subordinates. The bargaining power of the individual is, of course, bounded by the extent of his abilities; the relative abilities of others; and the number of opportunities generated in the company. Within these boundaries the consequence of this greater balance of power must be a reduction in the dependency of the subordinate. The power of the supervisor over his able and organizationally mobile subordinate will tend to be rationalized. That is, his power will reflect his capacity to create those conditions of work which optimize the extent to which the individual's goals are compatible with the work assigned to him.[9]

Obstacles in the Adoption of Open Internal Markets

If open internal markets can generate an improvement in the efficiency of manpower placement and important direct benefits, why do not most organizations move toward such practice? Most of the "advances" in staffing systems involve more efficient information processing and it is now common in many large organizations to have management "inventories" electronically stored

for ready scanning. But the career and candidate authorities still reside in the individual's supervisor or farther up the ranks. At the hourly level, unions force management to provide open entry into jobs and I have been made aware of some open systems that exist for research personnel. Research personnel may be favored because they have been in short supply and allowing individuals to follow their objectives is thought more important to productivity in research than in management generally.

The typical reaction of the many managers who have reviewed the open system is "that's good in theory but won't work in practice." But the practical objectives then voiced are themselves theoretical suppositions. The major objections are three and are given below with counter-arguments.

1. "We can't put everybody in the job to which they are best suited and the one they prefer. Organization demands come first and we often have to have good people in positions they do not prefer." An open system does not imply that people always get the job they want, it simply means that they can apply and, if operated correctly, get feedback on why they did or did not get the job. Most men can accept "marking time" or staying for "the good of the organization" if they know they are considered really capable of something else and will get consideration in the future. The open system replaces doubt with accurate information and the real question is whether that information is defensible. One can also ask, if the job the man is

currently on is so important, why doesn't it pay more or be made attractive in other ways?

2. "You just waste a lot of time with an open system. We know our people pretty well and can move them into the proper jobs with reasonable accuracy." A company seldom fills a job with a man they think is not the best available. But what they think is not always the case. If wanting to do the job is important to performance, many bad placements are made but the company either doesn't hear about the negative reaction or it shows up too late. And, even if one-hundred per cent accuracy is achieved, the indirect benefits of an open system are lost in the game of checkers. It is possibly true that an open system is more time consuming because you have to seriously consider the credentials of all who apply. I consider this expenditure a benefit of the system and call it job-centered performance review.

3. "People don't like to be told exactly where they stand. They would rather think they're capable but someone else has that job because they happened to be in the right place at the right time, had pull, or were lucky. In that way they can maintain the fiction about their abilities." People always find out where they stand and the point of issue is whether they are going to find out early enough to do something about it or after watching others progress beyond them. In the

> open system investigated, one personnel man who had participated in over four hundred turn-down interviews said he only got in trouble when, early in his experience, he tried to gloss over why individuals did not get the job.

Many of the objections to an open system derive from the objector's tendency to judge the system from the context of what happens in the typical closed system. For example, one hears that "I might lose my good men to another department" and the objector forgets that good men from other departments will be eligible to bid into his. Further, individuals object that "people will constantly be bidding on jobs." This reaction implicitly states that people, under the present system, are not in the jobs for which they feel best suited. A second possible source of objections is seldom voiced. That is, that managers feel they need career authority over their subordinates as a spur to performance, feel that subordinates aren't capable of thinking for themselves, of accepting anything but positive information about their abilities, or of planning and thinking in career patterns rather than present jobs. But it would appear that most staffing practices are consistent with such Theory X assumptions about individuals.

Nothing would be more defeating than to put an open staffing system into an otherwise autocratic organization and expect it to work. But, where managers believe in the essential integrity, intelligence, and potential of the individual, those beliefs can find healthy expressions in staffing practices which allow the individual to "make the turning oneself." And those beliefs will be reinforced by the organizational and individual consequences that can be realized.

Restatement

The individual manager or professional employee can express dissatisfaction with his work or his working environment by changing organizations--and he occasionally does. The maintenance of a competitive labor market between firms is important to individuals and firms alike. But firm and individual are often tied to each other by technological and pecuniary considerations. Where the cost of movement between firms is high to the individual and his loss is costly to the firm, his placement and his career are largely functions of the nature of the internal labor market of the firm. Under such conditions, the organization will find investing in an effective internal labor market advantageous.[10]

It is not so obvious that the nature of the practices established to place individuals among jobs can have important indirect consequences on individual-organization relationships. The impact of the authority structure which characterizes particular forms of internal labor markets can be seen most specifically on the function of performance review and management development. The force of this analysis has been to suggest that these impacts are rooted in the inverse relationship between dependence on individual supervisors and the extent of the subordinates' career authority.

This analysis is consistent with the generalization that the potential of the individual to contribute to the organization is often underestimated. New patterns of management directed at involving people more deeply in the work of the organization have been successfully utilized on the firm level and at the supervisor-subordinate level. But most of the "participative" solutions do not change the underlying power and authority structure. As

a consequence, individuals' work and satisfaction remain dependent upon the ability and attitudes of their supervisors. As an alternative to solutions involving the benevolent use of power, this analysis suggests that

(1) Supervisors will be forced into maximizing the individual's potential and preference according to the extent to which subordinates have the labor market power to move out of the supervisor's span of work authority.

(2) Individuals will become more involved and interested in the work of the organization according to the extent to which they are provided with an organization-wide market in which to maximize their potential for growth.

It should not be inferred that a new millennium of highly motivated individuals is obtainable solely by the creation of open internal labor markets. Technical and economic limits to individuality in organizations will continue; there will continue to be subordinates with neither the ability nor the motivation to become "highly involved"; and there will continue to be supervisors without the capacity to maximize their subordinates' contributions. But within these limits, there is a labor market answer to the question posed by Argyris and others:

> "How is it possible to create an organization in which the individuals may obtain optimum expression and, simultaneously, in which the organization itself may obtain optimum satisfaction of its demands?"[11]

The answer is that as far as individuals are free from the career authority of supervisors (that is, to the extent that there are alternative

bargains they can negotiate) such optima will be approached in a free market within the limits imposed by abilities, technology, and opportunities. Further, to the extent that internal labor markets are freely competitive, individuals will, if assumptions about the contributions they can make to the organization are valid, continually force the economically rational manager into a greater capacity for the recognition of the individual's potential and performance.

The interdependence which exists between individuals and their organizations cannot be realized in healthy ways when one party to the relationship is unable to manifest the reciprocity implied by the fact of interdependence. Only to the extent that the individual is placed in an independent bargaining position by a time-stream of employment alternatives can there be found some assurance that he is in an employment relationship which maximizes his and the organization's demands.

FOOTNOTES

1. [redacted] The article is based on research conducted with the Executive Research Project of the School of Industrial Management, M.I.T., and financially supported by the Alfred P. Sloan Foundation. (See: Theodore M. Alfred, "A Labor Market Analysis of Internal Staffing Systems, "unpublished doctoral thesis, Massachusetts Institute of Technology, Cambridge, Massachusetts, June, 1963). The author is grateful for the supporting help of the late Professor Douglas M. McGregor, and Professors Abraham J. Siegel, and Charles A. Myers in a project and on an article, the deficiencies of which are entirely his own.

2. William H. Whyte, Jr., The Organization Man, Simon and Schuster, Inc., New York, 1956, p. 167.

3. Chris Argyris, "The Individual and the Organization: Some Problems of Mutual Adjustment," Administrative Science Quarterly, Vol. 2, No. 1, June, 1958, p. 23.

4. This and subsequent indented quotations are from interviews conducted during the research upon which this article is based.

5. This is not a complete set of alternatives. At the hourly level, individuals have the alternative of group action to effect a rationalization of the system. An analogous alternative has been proposed by Evan, who recommends " . . . the institutionalization of procedural due process of law . . .," at salaried levels. See William M. Evan, "Organization Man and Due Porcess of Law," American Sociological Review, Vol. 26, No. 4, August, 1961, pp. 540-547. For the most complete statement of alternatives see: Herbert A. Simon and James C. March, Organizations, Wiley, New York, 1958, pp. 50-51.

6. "The New York Times," February 23, 1966.

7. The staffing potential provided by electronic data processing is explored in Lawrence L. Ferguson, "Better Management of Managers Careers," Harvard Business Review, March-April, 1966, pp. 139-151.

8. Chris Argyris, op. cit., p. 23.

9. A proposal by Professor Jay W. Forrester would eliminate the supervisor-subordinate relationship by allowing the individual to negotiate a price for their services on an internal labor market. (Jay W. Forrester, "A

New Corporate Design," Industrial Management Review, Vol. 7, No. 1, Fall, 1965). In the version of an open internal market proposed here, the organization would determine job structures and salary and the individual would optimize the use of his labor resource by movement within the structure.

10. This can be more formally stated in terms of the marginal cost of information obtained and the marginal revenues accruing from its use. See: George Stigler, "Information in the Labor Market," The Journal of Political Economy, Supplement, Vol. LXX, No. 5, Part 2, October, 1962.

11. Chris Argyris, op. cit., p. 23.

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